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AMENDMENTS TO LB 1090

(Amendments to E & R amendments, AM7202)

1                   1. Insert the following new sections:

2                   "Section 1. Section 77-2701.01, Reissue Revised Statutes  
3 of Nebraska, is amended to read:

4                   77-2701.01. Pursuant to section 77-2715.01, for all  
5 taxable years beginning or deemed to begin on or after January 1,  
6 1990, and before January 1, 1991, under the Internal Revenue Code  
7 of 1986, as amended, the rate of the income tax levied pursuant to  
8 section 77-2715 shall be three and forty-three-hundredths percent.  
9 Pursuant to section 77-2715.01, for all taxable years beginning or  
10 deemed to begin on or after January 1, 1991, and before January 1,  
11 2004, and for all taxable years beginning on or after January 1,  
12 2005, under the Internal Revenue Code of 1986, as amended, the rate  
13 of the income tax levied pursuant to section 77-2715 shall be three  
14 and seventy-hundredths percent. Pursuant to section 77-2715.01,  
15 for all taxable years beginning or deemed to begin on or after  
16 January 1, 2004, and before January 1, 2005, under the Internal  
17 Revenue Code of 1986, as amended, the rate of income tax levied  
18 pursuant to section 77-2715 shall be three and ninety-one  
19 hundredths percent.

20                   Sec. 2. Section 77-2701.02, Reissue Revised Statutes of  
21 Nebraska, is amended to read:

22                   77-2701.02. Pursuant to section 77-2715.01:

23                   (1) Until July 1, 1998, the rate of the sales tax levied

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1 pursuant to section 77-2703 shall be five percent;

2 (2) Commencing July 1, 1998, and until July 1, 1999, the  
3 rate of the sales tax levied pursuant to section 77-2703 shall be  
4 four and one-half percent;

5 (3) Commencing July 1, 1999, and until the start of the  
6 first calendar quarter after July 20, 2002, the rate of the sales  
7 tax levied pursuant to section 77-2703 shall be five percent; ~~and~~

8 (4) Commencing on the start of the first calendar quarter  
9 after July 20, 2002, and until October 1, 2004, and commencing  
10 October 1, 2005, the rate of the sales tax levied pursuant to  
11 section 77-2703 shall be five and one-half percent; and

12 (5) Commencing October 1, 2004, and until September 30,  
13 2005, the rate of the sales tax levied pursuant to section 77-2703  
14 shall be five and three-fourths percent.

15 Sec. 3. Section 77-2715.02, Reissue Revised Statutes of  
16 Nebraska, is amended to read:

17 77-2715.02. (1) Whenever the primary rate is changed by  
18 the Legislature under section 77-2715.01, the Tax Commissioner  
19 shall update the rate schedules required in subsection (2) of this  
20 section to reflect the new primary rate and shall publish such  
21 updated schedules.

22 (2) The following rate schedules are hereby established  
23 for the Nebraska individual income tax and shall be in the  
24 following form:

25 (a) The income amounts for columns A and E shall be:

26 (i) \$0, \$2,400, \$17,000, and \$26,500, for single returns;

27 (ii) \$0, \$4,000, \$30,000, and \$46,750, for married filing

1 joint returns;

2 (iii) \$0, \$3,800, \$24,000, and \$35,000, for  
3 head-of-household returns;

4 (iv) \$0, \$2,000, \$15,000, and \$23,375, for married filing  
5 separate returns; and

6 (v) \$0, \$500, \$4,700, and \$15,150, for estates and  
7 trusts;

8 (b) The amount in column C shall be the total amount of  
9 the tax imposed on income less than the amount in column A;

10 (c) The amount in column D shall be the rate on the  
11 income in excess of the amount in column E;

12 (d) For taxable years beginning or deemed to begin before  
13 January 1, 2003, under the Internal Revenue Code of 1986, as  
14 amended, the primary rate set by the Legislature shall be  
15 multiplied by the following factors to compute the tax rates for  
16 column D. The factors for the brackets, from lowest to highest  
17 bracket, shall be .6784, .9432, 1.3541, and 1.8054;

18 (e) For taxable years beginning or deemed to begin on or  
19 after January 1, 2003, and before January 1, 2004, and for taxable  
20 years beginning or deemed to begin on or after January 1, 2005,  
21 under the Internal Revenue Code of 1986, as amended, the primary  
22 rate set by the Legislature shall be multiplied by the following  
23 factors to compute the tax rates for column D. The factors for the  
24 brackets, from lowest to highest bracket, shall be .6932, .9646,  
25 1.3846, and 1.848;

26 (f) For taxable years beginning or deemed to begin on or  
27 after January 1, 2004, and before January 1, 2005, under the

1 Internal Revenue Code of 1986, as amended, the primary rate set by  
2 the Legislature shall be multiplied by the following factors to  
3 compute the tax rates for column D. The factors for the brackets,  
4 from lowest to highest bracket, shall be .6932, .9646, 1.3846, and  
5 1.7487;

6 (g) The amounts for column C shall be rounded to the  
7 nearest dollar, and the amounts in column D shall be rounded to  
8 hundredths of one percent; and

9 ~~(g)~~ (h) One rate schedule shall be established for each  
10 federal filing status.

11 (3) The tax rate schedules shall use the format set forth  
12 in this subsection.

13	A	B	C	D	E
14	Taxable income	but not	pay	plus	of the
15	over	over			amount over

16 (4) The tax rate applied to other federal taxes included  
17 in the computation of the Nebraska individual income tax shall be  
18 eight times the primary rate.

19 (5) The Tax Commissioner shall prepare, from the rate  
20 schedules, tax tables which can be used by a majority of the  
21 taxpayers to determine their Nebraska tax liability. The design of  
22 the tax tables shall be determined by the Tax Commissioner. The  
23 size of the tax table brackets may change as the level of income  
24 changes. The difference in tax between two tax table brackets  
25 shall not exceed fifteen dollars. The Tax Commissioner may build  
26 the personal exemption credit and standard deduction amounts into  
27 the tax tables.

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1                   (6) The Tax Commissioner may require by rule and  
2 regulation that all taxpayers shall use the tax tables if their  
3 income is less than the maximum income included in the tax tables.

4                   Sec. 4. Section 77-27,132, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6                   77-27,132. (1) There is hereby created a fund to be  
7 designated the Revenue Distribution Fund which shall be set apart  
8 and maintained by the Tax Commissioner. Revenue not required to be  
9 credited to the General Fund or any other specified fund may be  
10 credited to the Revenue Distribution Fund. Credits and refunds of  
11 such revenue shall be paid from the Revenue Distribution Fund. The  
12 balance of the amount credited, after credits and refunds, shall be  
13 allocated as provided by the statutes creating such revenue.

14                   (2) The Tax Commissioner shall pay to a depository bank  
15 designated by the State Treasurer all amounts collected under the  
16 Nebraska Revenue Act of 1967. The Tax Commissioner shall present to  
17 the State Treasurer bank receipts showing amounts so deposited in  
18 the bank, and of the amounts so deposited the State Treasurer shall  
19 credit to the Highway Trust Fund all of the proceeds of the sales  
20 and use taxes derived from motor vehicles, trailers, and  
21 semitrailers, except that (a) the proceeds equal to any sales tax  
22 rate provided for in section 77-2701.02 that is in excess of five  
23 percent derived from motor vehicles, trailers, and semitrailers  
24 shall be credited to the General Fund except as provided in  
25 subdivision (2)(b) of this section, and (b) commencing October 1,  
26 2004, through September 30, 2005, all the proceeds equal to  
27 one-fourth percent of the sales tax rate shall be credited to the

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1 subaccount of the Cash Reserve Fund created in section 5 of this  
2 act. The balance of all amounts collected under the Nebraska  
3 Revenue Act of 1967 shall be credited to the General Fund.

4 Sec. 5. (1) For purposes of this section:

5 (a) Subscriber means any person, firm, partnership,  
6 corporation, limited liability company, municipality, cooperative,  
7 or other entity to whom a supplier sells electricity at retail; and  
8 (b) Supplier means any public power district, public  
9 power and irrigation district, individual municipality, registered  
10 group of municipalities, electric membership association, or  
11 cooperative selling electricity at retail to subscribers.

12 (2) Beginning October 1, 2004, and ending December 31,  
13 2005, each supplier shall assess and collect monthly from each  
14 subscriber a surcharge equivalent to three percent of the  
15 subscriber's monthly charge for electricity, excluding all federal,  
16 state, and local taxes. The supplier shall remit the amounts  
17 collected to the State Treasurer for credit to the Cash Reserve  
18 Fund. The Accounting Administrator of the Department of  
19 Administrative Services shall create a subaccount within the Cash  
20 Reserve Fund for the deposit and accounting of revenue received as  
21 a result of the surcharge. The surcharge shall be collected  
22 monthly in the same manner as the sales tax under the Nebraska  
23 Revenue Act of 1967, including provisions of the act relating to  
24 due dates, interest, penalties, and collection procedures, except  
25 that no collection fees shall be allowed any supplier.

26 (3) Failure by the subscriber to pay the surcharge is  
27 deemed to be nonpayment for services rendered by the supplier and

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1 shall be subject to the remedies set forth in Chapter 70, article  
2 6, for nonpayment, including, but not limited to, disconnection of  
3 electrical service."

4 2. On page 4, after line 18 insert the following new  
5 subsection:

6 "(10) The State Treasurer, at the direction of the budget  
7 administrator of the budget division of the Department of  
8 Administrative Services, shall transfer the following amounts from  
9 the General Fund to the subaccount of the Cash Reserve Fund created  
10 in section 5 of this act to reflect the income tax increase  
11 provided in sections 77-2701.01 and 77-2715.02, as amended by this  
12 legislative bill:

13 (a) Forty-three million three hundred five thousand  
14 dollars on or before June 30, 2005; and

15 (b) Seven million four hundred two thousand dollars on or  
16 before December 31, 2005."

17 3. Renumber the remaining sections and correct internal  
18 references accordingly.